

FOR IMMEDIATE RELEASE

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BUY AMERICAN, HIRE AMERICAN? 7IM ADDS US SMALL CAP VALUE FUND TO MULTI MANAGER ADVENTUROUS RANGE

Saturday will mark one year since President Trump's inauguration. Whilst his 'buy American, hire American' slogan might set a few teeth on edge, when it comes to accessing US small caps, **Seven Investment Management (7IM)** has been looking to US based specialists.

In its multi manager funds, **7IM** has added **Stageline US Small Cap Value** to its **7IM Moderately Adventurous Fund** and **7IM Adventurous Fund**, with the first position made just before Christmas, and added to in January.

Managed by a team based in Oregon, who are part of **Wells Capital Management**, this is the [second](#) time in several months that **7IM** has backed a US based boutique franchise focused at the smaller end of the market cap spectrum.

Commenting on **Stageline US Small Cap Value**, **Damian Barry, Senior Investment Manager, 7IM** said: "Whilst the US large cap space is a well-trodden path, this fund is hunting for neglected, oversold or turnaround stories in under-researched names across a diversified range of US small cap companies.

"With value investing, in our view, due a return to form, this new holding plays to that theme, tapping into the strengths of the US economy in a way that multi-national large caps simply can't. The tax reforms are also likely to be more beneficial for smaller companies.

"It's managed by an experienced team, who each have around 30 years' experience researching this area and backing 'value' companies. These should, in an environment of rising interest rates, be expected to benefit."

US small cap versus US large cap

Over the longer term (15 to 20 years), the US small cap index (Russell 2000) has outperformed large caps (Russell 1000 Index). Looking at the calendar year returns, the Russell 2000 index has outperformed the Russell 1000 index in 11 of the last 20 years, with most years of the outperformance coming pre-2005 (see table on page 2).

Whilst past performance is no guide to the future, academic research by Professor Elroy Dimson, Cambridge Judge Business School, comparing US small caps with US large caps between 1926 to 2015 suggested that on an annualised basis, US small caps had returned 12.1% per year compared to 9.7% per year for US larger caps.

*The reference to specific funds or indices is not intended to be and should not be taken as a recommendation to invest in them.

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Russel 1000 Index versus Russell 2000 Index – total return

Cumulative TR	1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	7 yr	8 yr	9 yr	10 yr	11 yr	12 yr	13 yr	14 yr	15 yr	16 yr	17 yr	18 yr	19 yr	20 yr
Russell 1000 Index TR	21.7%	36.4%	37.6%	55.8%	107.4%	141.5%	145.1%	184.6%	265.5%	128.1%	141.2%	178.5%	196.0%	229.7%	328.3%	235.6%	193.8%	170.9%	227.6%	316.1%
Russell 2000 Index TR	14.6%	39.1%	32.9%	39.4%	93.6%	125.2%	115.8%	173.8%	248.2%	130.5%	126.9%	168.6%	180.8%	232.3%	389.3%	289.1%	298.8%	286.7%	368.9%	357.0%

Calendar TR	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Russell 1000 Index TR	21.7%	12.1%	0.9%	13.2%	33.1%	16.4%	1.5%	16.1%	28.4%	-37.6%	5.8%	15.5%	6.3%	11.4%	29.9%	-21.7%	-12.4%	-7.8%	20.9%	27.0%
Russell 2000 Index TR	14.6%	21.3%	-4.4%	4.9%	38.8%	16.3%	-4.2%	26.9%	27.2%	-33.8%	-1.6%	18.4%	4.6%	18.3%	47.3%	-20.5%	2.5%	-3.0%	21.3%	-2.5%
	7.0%	-9.3%	5.3%	8.3%	-5.7%	0.1%	5.7%	-10.8%	1.3%	-3.8%	7.3%	-2.9%	1.7%	-6.9%	-17.4%	-1.2%	-14.9%	-4.8%	-0.3%	29.6%

Source: Bloomberg (cumulative data to 31 December 2017)

Ends

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Notes to Editors:

About 7IM

It all began in 2002, with seven of us in a basement establishing Seven Investment Management (7IM) because we couldn't find anywhere we wanted to invest our families' money. Our assets under management now stand at around £12bn (more than doubling since 2013), and we have moved from 'basement' to 'Bishopsgate' in the City of London. There are now around 240 of us.

Radical common sense

We manage money aiming to meet people's medium to long term return expectations. Fundamentally, we believe in active asset allocation in both active and passive investments (where we were one of the first to offer actively managed passive portfolios). We build global portfolios based on that allocation, and include alternative assets where appropriate to manage the risk reward trade off. Active currency management is also at the core of what we do.

7IM provides investment services to professional wealth managers, planners, advisers and private investors. These include: Discretionary investment management, a range of multi-asset portfolios, an investment and open architecture trading platform and a fantastic app, 7IMagine, which brings client portfolios to life.

Multigenerational investing

We do our best to pass on economies of scale, reducing fees so more investors within a family save with us. Grandparents, through to parents and their children can invest as individuals with one charging structure – whether they live under the same roof or not.

A story of continuous innovation.

In 2013, we launched 7IMagine, an app allowing investors and advisers to keep up to date with their portfolio. The brainchild of some clients – professional ‘gamers’ uninspired by their paper statements – 7IMagine was enriched in February 2016, with My Future. Again using gaming technology, My Future allows advisers and investors to capture details about family or individual finances, including any number of streams of income, properties, other assets and expenses, to help identify how sustainable their finances are and if / when their retirement income will run out.

Our funds

- Our **AAP fund range (Asset Allocated Passive)** is populated largely with passive structures to keep costs to a minimum. Asset allocation is actively managed to help exploit opportunities and reduce risk across the spectrum: **7IM AAP Adventurous, 7IM AAP Moderately Adventurous, 7IM AAP Balanced, 7IM AAP Moderately Cautious, 7IM Cautious and 7IM AAP Income**. Some of these risk profiles have an offshore version of the fund.
- Our **Multi-Manager fund range** invests in a range of active and passive vehicles. Costs still matter, but if we think an actively managed fund can outperform a passive alternative we have the freedom to choose it. Asset allocation is actively managed. Again, there are different funds for different profiles: **7IM Adventurous, 7IM Moderately Adventurous, 7IM Balanced and 7IM Moderately Cautious**. Again, some of these risk profiles have an offshore version of the fund.
- We also have a selection of funds designed to meet specific needs, such as the **7IM Personal Injury Fund**, the **7IM Real Return Fund** or the SRI focussed **7IM Sustainable Balance Fund**.
- We also have a range of ‘smart passive’ funds known as the equity value funds. The range includes: the **7IM UK Equity Value Fund**, the **7IM US Equity Value Fund**, the **7IM European (ex. UK) Equity Value Fund** or the **7IM Emerging Markets Equity Value Fund**. These are entirely systematically managed based solely on company fundamentals, the aim being to outperform the relevant passive market cap-weighted alternative by selecting profitable, high-quality, cash-flow generating companies that trade at a discount to their intrinsic value.

Our Model Portfolios

The 7IM Model Portfolios are a range of risk rated portfolios and are available within our discretionary investment services and standalone on the 7IM platform and other platforms. The Models use the same investment process and asset allocation as our funds. Like the Asset Allocated Passive (AAP) funds, the entire asset allocation is fulfilled with ‘Smart Passive’ market cap weighted passive instruments (for example UK and US equities) which track those markets and systematic instruments. 7IM undertake the due diligence on the passive securities (such as counterparty risk and concentration). Our range of Model Portfolios are available across the risk profiles: **7IM Adventurous Model Portfolio, 7IM Moderately Adventurous Model Portfolio, 7IM Balanced Model Portfolio, 7IM Moderately Cautious Model Portfolio, 7IM Cautious Model Portfolio and 7IM Income Model Portfolio**.

The 7IM funds and Model Portfolios are available through the 7IM Discretionary, Managed Investment, Platform, and Self Invest services, as well as on other platforms.

Important information: The information contained in this document does not constitute investment advice and if you are in any doubt about the suitability of the investment or service, you should consult a professional financial adviser. The value of investments, and the income from them, can fall as well as rise and you may not get back the full amount invested. Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.

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